

BINGHAM, DANA & GOULD

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16653

RECORDATION NO. FILED 1425

December 14, 1989

DEC 15 1989 - 11 30 AM

INTERSTATE COMMERCE COMMISSION

VIA FEDERAL EXPRESS

9-345A002

Interstate Commerce Commission
Room 2303
12 Street & Constitution Avenue, N.W.
Washington, D.C. 20423

Attention: Ms. Mildred Lee

Ladies and Gentlemen:

Enclosed for filing with the Commission pursuant to Section 11303 of Title 49 of the U.S. Code are executed and notarized copies of the document described below.

This document is a Security Agreement, a primary document dated as of December 11, 1989, between Illinois Central Railroad Company, as the borrower, and The First National Bank of Boston as agent for itself and other lenders, as the secured party, covering certain rolling stock of the Debtor acquired after the date hereof with proceeds of loans made by the lenders and all other properties and rights of the debtor. Descriptions of the rolling stock are attached to the Security Agreement as Schedule 1, as the same may be revised from time to time, but the property covered by the Security Agreement is not limited to that listed in Schedule 1.

The names and addresses of the parties to the Security Agreement are as follows. The debtor is Illinois Central Railroad Company, whose chief executive office is located at Two Illinois Center, 233 North Michigan Avenue, Chicago, Illinois 60601. The secured party is The First National Bank of Boston, as agent, whose head office is located at 100 Federal Street, Boston, Massachusetts 02110.

BINGHAM, DANA & GOULD

Interstate Commerce Commission
December 14, 1989
Page 2

Included in the property covered by the aforesaid Security Agreement are railroad cars, locomotives and other rolling stock intended for use related to interstate commerce, or interests therein, acquired by Illinois Central Railroad Company after the date of said Security Agreement.

A short summary of the document to appear in the index as follows:

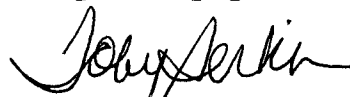
"A Security Agreement, dated as of December 11, 1989, between Illinois Central Railroad Company, as the borrower, and The First National Bank of Boston, as agent, as the secured party, covering certain of the borrower's rolling stock and certain other properties and rights of the borrower. Descriptions of the rolling stock are attached to the Security Agreement as Schedule 1."

Also enclosed is a check in the amount of \$15.00, payable to the Interstate Commerce Commission, to cover the recording fee prescribed by the Commission in its rules and regulations.

Would you please acknowledge receipt of the enclosed documents at your earliest convenience by stamping and returning to the undersigned, in the enclosed, self-addressed, stamped envelope, one of the Security Agreements, along with the duplicate copy of this letter of transmittal.

If you have any questions with respect to the enclosed documents, please call collect at (617) 951-8000.

Very truly yours,


Toby R. Serkin

TRS:vmm

Enclosures

cc: Burton M. Harris, Esq.
Lea Anne Copenhefer, Esq.
Jane Becker, Esq.

3899Q

Interstate Commerce Commission
Washington, D.C. 20423

12/15/89

OFFICE OF THE SECRETARY

Toby R. Serkin, Esq.
Bingham, Dana & Gould
150 Federal Street
Boston, MA. 02110

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/15/89 at 11:30am and assigned recordation number(s). 16653

Sincerely yours,



Noreta R. McGee
Secretary

Enclosure(s)

DEC 15 1989 -11 30 AM

SECURITY AGREEMENT

ILLINOIS CENTRAL RAILROAD COMPANY

INTERSTATE COMMERCE COMMISSION

This SECURITY AGREEMENT, dated as of December 11, 1989 (as amended and in effect from time to time, the "Agreement"), is between Illinois Central Railroad Company, a Delaware corporation (the "Borrower"), and The First National Bank of Boston as Administrative Agent (the "Administrative Agent") for those banks which are or may become parties to the Revolving Credit and Term Loan Agreement, dated as of September 22, 1989, among the Borrower, the Administrative Agent, Bank of America National Trust and Savings Association as Advisory Agent and such banks, as the same may be amended or supplemented from time to time (such agreement, as amended and in effect from time to time, the "Credit Agreement"). Capitalized terms which are used herein without definition and which are defined in the Credit Agreement shall have the same meanings herein as in the Credit Agreement.

§1. GRANT OF SECURITY INTEREST. To secure the payment and performance of the Obligations (as hereinafter defined), the Borrower hereby grants to the Administrative Agent, for the benefit of the Banks, a continuing security interest in and lien on each and all of the following properties, assets and rights of the Borrower, wherever located, now owned or hereafter acquired or arising, and all proceeds and products thereof (all such properties, assets and rights hereinafter sometimes called, collectively, the "Collateral"): (a) all accounts of the Borrower of every kind and nature, including accounts receivable, all security and guaranties with respect thereto, and all security interests, liens and pledges, whether voluntary or involuntary, securing the account debtors' obligations to the Borrower thereunder, (b) the rolling stock, track maintenance and service vehicles and equipment listed and described on Schedule 1 attached hereto (as the same may be supplemented by the Borrower from time to time), together with all accessories, equipment, parts and appurtenances appertaining or attached thereto, and all additions, improvements and accessions thereto, (c) all inventory, raw materials and supplies (including, without limitation, rail, ties and ballast not affixed to the Borrower's real property), and (d) all tools and machinery reflected in the following accounts on the books of the Borrower: roadway machines, shop machinery and power plant machinery, with all accessories, equipment, parts and appurtenances appertaining or attached thereto, and all additions, improvements and accessions thereto.

*
See Sch 1
No Rolling
Stock

§2. OBLIGATIONS SECURED. The Collateral hereunder constitutes and will constitute continuing security for all obligations of the Borrower to the Banks and any institutional lender who becomes a participant in or holder of any of the obligations comprising the Obligations, now existing or hereafter arising, direct or indirect, absolute or contingent, due or to become due, matured or unmatured, liquidated or unliquidated, arising by contract, operation of law or otherwise, under the Credit Agreement, the Notes and the other Loan Documents, in each case as such instrument is originally executed on the date hereof or as modified, amended, supplemented or extended, and all obligations of the Borrower to the Banks arising out of any extension, refinancing or refunding of any of the foregoing obligations (hereinafter collectively referred to as the "Obligations").

§3. PRO RATA SECURITY, APPLICATION OF PROCEEDS OF COLLATERAL. All amounts owing with respect to the Obligations shall be secured pro rata by the Collateral without distinction as to whether some Obligations are then due and payable and other Obligations are not then due and payable. Upon any realization upon the Collateral by the Administrative Agent or any Bank, whether by receipt of insurance proceeds pursuant to §4(d) or upon foreclosure and sale of all or part of the Collateral or collection thereof, pursuant to §6 or otherwise, the Borrower and the Administrative Agent, on behalf of the Banks, agree that the proceeds thereof shall be applied (i) first, to the payment of expenses incurred with respect to maintenance, service and protection of the Collateral pursuant to §4 and of expenses incurred pursuant to §11 with respect to the sale or collection of or realization upon any of the Collateral or the perfection, enforcement or protection of the rights of the Banks (including reasonable attorneys' fees and expenses of every kind, including, without limitation, reasonable allocated costs of staff counsel); (ii) second, equally and ratably to all amounts of interest, expenses and fees outstanding which constitute the Obligations, according to the aggregate amounts thereof owing to each Bank on the date on which the Administrative Agent receives a request from the Majority Banks to commence action under §6 hereof to enforce the security interests granted hereunder (the "Notice Date"); (iii) third, equally and ratably to all amounts of principal outstanding under the Obligations according to the aggregate amounts thereof owing to each Bank on the Notice Date; and (iv) fourth, the balance, if any, shall be returned to the Borrower.

§4. REPRESENTATIONS AND WARRANTIES; COVENANTS. The Borrower represents and warrants to the Administrative Agent, and covenants with the Administrative Agent, as follows:

(a) Location. The location of the Borrower's chief executive office (as such term is used in paragraph 5(c) of the Official Comment to Section 9-103 of the UCC, as hereinafter defined) and the location where the books and records of the Borrower are kept is Two Illinois Center, 233 North Michigan Avenue, Chicago, Illinois 60601. The Borrower further represents that all records pertaining to that portion of the Collateral consisting of accounts are kept at the foregoing location, and that Schedule 4(a) attached hereto is a true and correct list of all counties (or parishes) in which Collateral (other than accounts) is located. The Borrower agrees that it will not change the location of its chief executive office or the location where its books and records (including, without limitation, records pertaining to accounts) are kept except in accordance with the provisions of §9.2 of the Credit Agreement. The Borrower also agrees that it will not remove any Collateral from the counties (or parishes) listed on Schedule 4(a), except for the use and operation of Borrowing Base Equipment in the ordinary course of business and except in connection with occasional temporary removals of equipment, tools and machinery for repairs in the ordinary course of business, without 30 days' prior written notice to the Administrative Agent. The Borrower's registered office in the State of Kentucky is located at Stites and Harbison, 600 West Main Street, Louisville, Kentucky 40202. The Borrower's registered office in the State of Louisiana is located at 2351 Hickory Avenue, Harahan, Louisiana 70123.

(b) Ownership of Collateral.

(i) The Borrower is the legal and beneficial owner of the Collateral free from any Lien, except for the security interests herein granted and except as permitted by §10.2 of the Credit Agreement.

(ii) Except for the security interests herein granted and except as permitted by §10.2 of the Credit Agreement, the Borrower agrees that it will be the owner of the Collateral free of any Lien, and that it will defend the same against all claims and demands of all persons at any time claiming the same or any interest therein adverse to the Banks. Except as otherwise permitted by §10.2 of the Credit Agreement, the Borrower shall not pledge, mortgage, create or suffer to exist any Lien on the Collateral in

favor of any person other than the Administrative Agent for the benefit of the Banks.

(iii) The Borrower covenants that it will cause the security interest in the Collateral granted to the Administrative Agent hereunder to remain a continuously perfected first security interest so long as this Agreement shall remain in effect.

(c) Sale or Disposition of Collateral. Except as permitted by §10.5 of the Credit Agreement, the Borrower will not sell or offer to sell or otherwise transfer the Collateral or any interest therein.

(d) Insurance. The Borrower shall have and maintain at all times with respect to the Collateral such insurance as is required by the Credit Agreement. In the event of failure to provide and maintain such insurance, the Administrative Agent may, at its option, provide such insurance, and the Borrower hereby promises to pay to the Administrative Agent on demand the amount of any disbursements made by the Administrative Agent for such purpose. The Borrower shall furnish to the Administrative Agent certificates or other evidence satisfactory to the Administrative Agent of compliance with the foregoing insurance provisions. The Administrative Agent may act as attorney for the Borrower in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts; and, upon the occurrence and during the continuation of an Event of Default, any amounts collected or received under any such policies shall be applied by the Administrative Agent to the Obligations in accordance with the provisions of §3 hereof, or, at the option of the Administrative Agent, the same may be released to the Borrower, but such application or release shall not cure or waive any default under this subsection and no amount so released to the Borrower shall be deemed a payment on any Obligation secured hereby.

(e) Maintenance of Collateral. The Borrower will keep the Collateral in good order and repair and will not use the same in violation of law or any policy of insurance thereon. The Administrative Agent may inspect the Collateral at any reasonable time, wherever located. Except as otherwise provided in §9.6 of the Credit Agreement, the Borrower will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation or upon this Agreement. In its discretion, the Administrative Agent may discharge taxes and other encumbrances at any time levied or placed on the Collateral

which remain unpaid in violation of §10.2 of the Credit Agreement, make repairs thereof and pay any necessary filing fees. The Borrower agrees to reimburse the Administrative Agent on demand for any and all expenditures so made, and until paid, the amount thereof shall be a debt secured by the Collateral. The Administrative Agent shall have no obligation to the Borrower to make any such expenditures, nor shall the making thereof relieve the Borrower of any default.

(f) Rolling Stock. The Rolling Stock (as defined below) listed on Schedule 1 attached hereto constitutes all of the Borrower's Borrowing Base Equipment. The Borrower agrees not to change any markings or serial numbers on any of the Rolling Stock listed on Schedule 1 until after the Borrower has (A) given notice in writing to the Administrative Agent of its intention to make such change, (B) delivered to the Administrative Agent a schedule of new markings or numbers to be substituted therefor and (C) filed such schedule in the same manner as this Agreement, as provided in §4(h) hereof. The Borrower agrees to deliver to the Administrative Agent, along with each Borrowing Notice delivered pursuant to the Credit Agreement which indicates that the proceeds of the Revolving Credit Loan to be borrowed pursuant thereto will be used for the acquisition of Rolling Stock, a supplement to Schedule 1 describing the Rolling Stock to be acquired. Upon such delivery, such supplements shall become part of this Agreement without any further action by the parties hereto. The Borrower agrees that it will execute and deliver to the Administrative Agent for the benefit of the Banks supplemental security agreements and other instruments, and file the same in the appropriate recording offices (i) with respect to the Rolling Stock listed on Schedule 1 hereto, (ii) at such times as any assignable right, title or interest is acquired in the future by the Borrower in any other Rolling Stock, as such Rolling Stock is listed on supplements to Schedule 1, and (iii) at such times as any change is made in one or more of the markings or serial numbers on any of the Rolling Stock listed on Schedule 1 hereto, as such schedule is supplemented by the Borrower from time to time, as provided herein. All such supplemental security agreements and other instruments shall secure all of the Obligations pro rata and shall be on terms and conditions satisfactory to the Administrative Agent as evidenced by its written consent thereto. The term "Rolling Stock" as used herein means all rolling stock, locomotives, cabooses, bulkhead flat cars, refrigerated boxcars, open top hopper cars, woodrack cars, covered hopper cars, woodchip hopper cars, and all other

rail cars, track maintenance and service vehicles and equipment acquired by the Borrower after the Closing Date with proceeds of Revolving Credit Loans borrowed under the Credit Agreement. The Borrower will furnish to the Administrative Agent from time to time as the Administrative Agent may reasonably request an opinion of counsel acceptable to the Agent to the effect that this Agreement has been filed and recorded, all other documents, including all financing or continuation statements, have been filed, and all other action has been taken, to perfect and validate continuously the security interest in Rolling Stock granted hereby.

(g) Accounts. The Borrower shall keep or cause to be kept separate records of accounts which are complete and accurate in all material respects, and from time to time upon the request of the Administrative Agent, shall deliver to the Administrative Agent a list of the names, addresses, face value, and dates of invoice(s) for each account debtor obligated on such an account.

(h) Creation and Perfection of Lien. This Agreement creates a valid security interest in the Collateral as security for the payment and performance of the Obligations. Upon the filing and recording of this Agreement with the Interstate Commerce Commission (the "ICC") in accordance with §11303 of Title 49 of the United States Code and the rules and regulations thereunder, and upon the filing of financing statements in the form attached hereto as Exhibit A (the "Financing Statements") under the Uniform Commercial Code as the same may be in effect from time to time in the State of New York, or in any other jurisdiction whose Uniform Commercial Code would govern the perfection or priority of security interests in the Collateral (the "UCC"), naming the Borrower as debtor and the Administrative Agent as secured party, such security interest shall be perfected under the UCC and the Interstate Commerce Act of 1887, as amended ("ICA"), and such security interest shall be prior to all other Liens, except as contemplated by §10.2 of the Credit Agreement. No further filings, recordings or other actions are or will be necessary to perfect or maintain the priority of such security interest other than the filing of UCC continuation statements within six months prior to the expiration of a period of five years after such original filing. This Agreement and all documents to be filed therewith are in appropriate form for filing with the ICC. The Financing

Statements are in appropriate form and have been duly filed pursuant to the UCC.

(i) No Further Actions. Except for the filings referred to in paragraph (h) above and in paragraph (j) below and as otherwise specified in §6.2 of the Credit Agreement, no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person that has not been received, taken or made is required (i) for the grant by the Borrower of the security interests granted hereby or for the execution, delivery or performance of this Agreement by the Borrower, or (ii) for the perfection and maintenance of the security interests hereunder (including the first priority nature of such security interests), or (iii) for the exercise by the Administrative Agent of the rights or the remedies in respect of the Collateral pursuant to this Agreement.

(j) Claims Act Filings. The Borrower agrees that it shall execute all such documents, and take all such actions, as the Administrative Agent shall determine to be necessary or appropriate from time to time under the federal Assignment of Claims Act of 1940, as amended, in order to confirm and assure to the Administrative Agent its rights under this Agreement with respect to any and all Collateral consisting of the Borrower's rights to moneys due or to become due under any contracts or agreements with or orders from the United States Government or any agency or department thereof, the assignment of which is not prohibited by such contract or agreement (collectively, "Government Receivables"). Without limiting the generality of the foregoing, the Borrower agrees that simultaneously with the execution and delivery of this Agreement it shall execute and deliver to the Administrative Agent a confirmatory assignment substantially in the form of Exhibit A attached hereto (a "Confirmatory Assignment") with respect to each Government Receivable existing on the date hereof where the aggregate proceeds payable to the Borrower thereunder exceed \$100,000, and within ten Business Days after the creation of any such new Government Receivable, the Borrower shall execute and deliver to the Administrative Agent a Confirmatory Assignment with respect thereto. The Borrower hereby irrevocably authorizes the Administrative Agent, or its designee, at the Borrower's expense, to file with the United States government (or the appropriate agency or instrumentality thereof) a notice of each assignment of a Government Receivable substantially in the form of Exhibit B attached hereto (a "Notice of Assignment"), to which a copy

of the relevant Confirmatory Assignment may be attached, and appoints the Administrative Agent as the Borrower's attorney-in-fact to execute and file any such Confirmatory Assignments, Notices of Assignment and any ancillary documents relating thereto.

(k) Further Assurances. The Borrower agrees to execute and deliver to the Administrative Agent from time to time at its request all documents and instruments, including financing statements, supplemental security agreements, notices of assignments under the Assignment of Claims Act and under similar or local statutes and regulations, and to take all action as the Administrative Agent may reasonably deem necessary or proper to perfect or otherwise protect the security interests and lien created hereby.

§5. RIGHT TO FILE FINANCING STATEMENTS. The Borrower acknowledges the Administrative Agent's right, to the extent permitted by applicable law, singly to execute and file financing or continuation statements and similar notices required by applicable law, and amendments thereto, concerning the Collateral without execution by the Borrower. A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

§6. REMEDIES. So long as no Event of Default under the Credit Agreement shall have occurred and be continuing, the Borrower shall be entitled to remain in full possession, enjoyment and control of the Collateral and to manage, use and operate the same, provided that no action shall be taken which would be inconsistent with or violate any provision of this Agreement or any other Loan Document. Upon the occurrence and during the continuance of any Event of Default under the Credit Agreement (whether or not any acceleration of the maturity of the amounts due in respect of any of the Obligations shall have occurred), to the fullest extent permitted by applicable law:

(a) The Administrative Agent shall have, in addition to all other rights and remedies given it by any instrument or other agreement evidencing, or executed and delivered in connection with, any of the Obligations and otherwise allowed by law, the rights and remedies of a secured party under the UCC and the ICA, and without limiting the generality of the foregoing, the Administrative Agent may, and upon the written instruction of the Majority Banks, shall,

immediately, without (to the fullest extent permitted by law) demand of performance or advertisement or notice of intention to sell or of time or place of sale or of redemption or other notice or demand whatsoever (except that the Administrative Agent shall give the Banks and the Borrower at least ten Business Days' notice of the time and place of any proposed sale or other disposition), all of which are hereby expressly waived to the fullest extent permitted by law, sell at public or private sale or otherwise realize upon, in the City of Boston, Massachusetts, or elsewhere, the whole or from time to time any part of the Collateral, and after deducting from the proceeds of sale or other disposition of the Collateral all expenses (including all reasonable expenses for legal services, including, without limitation, reasonable allocated costs of staff counsel) as provided in §11, shall apply the residue of such proceeds toward, or shall accumulate such proceeds for application upon, the payment of the Obligations in accordance with §3 of this Agreement, the Borrower remaining liable for any deficiency remaining unpaid after such application. If notice of any sale or other disposition is required by law to be given to the Borrower, the Borrower hereby agrees that a notice given as hereinbefore provided shall be reasonable notice of such sale or other disposition. The Borrower also agrees to assemble the Collateral at such place or places as the Administrative Agent reasonably designates by written notice. At any such sale or other disposition any Bank may itself, and any other person or entity owed any Obligation may itself, purchase the whole or any part of the Collateral sold, free from any right of redemption on the part of the Borrower, which right is hereby waived and released to the fullest extent permitted by law.

(b) Furthermore, without limiting the generality of any of the rights and remedies conferred upon the Administrative Agent under §6(a) hereof, the Administrative Agent, to the fullest extent permitted by law, may, and upon the written instruction of the Majority Banks, shall, enter upon the premises of the Borrower and take immediate possession of the Collateral, either personally or by means of a receiver appointed by a court therefor, using all necessary force to do so, and may, at its option, operate, use, manage and control the Collateral in any lawful manner and may collect and receive all rents, income, revenue, earnings, issues and profits therefrom, and may

maintain, repair, renovate, alter or remove the Collateral as the Administrative Agent may determine in its discretion, and any such monies so collected or received by the Administrative Agent shall be applied to, or may be accumulated for application upon, the Obligations in accordance with §3 of this Agreement.

(c) Without limiting the generality of any of the rights and remedies conferred upon the Administrative Agent under §§6(a) and (b) hereof, the Administrative Agent may, and upon the written instruction of the Majority Banks, shall, require the Borrower to notify the debtors on accounts receivable of the Borrower of the security interest of the Administrative Agent for the benefit of the Banks and either that payment thereof is to be made directly to the Administrative Agent or that payment thereof is to be made into lockboxes with banks which are acceptable to the Administrative Agent in its discretion pursuant to lockbox arrangements acceptable to the Administrative Agent in its discretion, and the Administrative Agent itself may, and upon the written instruction of the Majority Banks, shall, at any time during the continuance of such Event of Default, without further notice to or demand upon the Borrower, so notify account debtors. Any monies collected or received pursuant to such lockbox arrangements or directly by the Administrative Agent shall be applied to, or may be accumulated for application upon, the Obligations in accordance with §3 of this Agreement.

The Administrative Agent agrees that it will give notice to the Borrower of any enforcement action taken by it pursuant to this §6 promptly after commencing such action.

§7. ATTORNEY-IN-FACT. The Borrower hereby irrevocably appoints the Administrative Agent the Borrower's attorney-in-fact, coupled with an interest, with full authority in the place and stead of the Borrower and in the name of the Borrower or otherwise, from time to time in the Administrative Agent's discretion, after the occurrence and during the continuance of an Event of Default under the Credit Agreement, to take any action and to execute any instrument which the Administrative Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(b) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) above;

(c) to file any claims or take any action or institute any proceedings which the Administrative Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Administrative Agent with respect to any of the Collateral; and

(d) to obtain, adjust or cancel any insurance pertaining to the Collateral and endorse settlement drafts.

§8. MARSHALLING. The Administrative Agent shall not be required to marshal any present or future security for (including but not limited to this Agreement and the Collateral subject to the security interest created hereby), or guaranties of, the Obligations or any of them, or to resort to such security or guaranties in any particular order; and all of its rights hereunder and in respect of such securities and guaranties shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, the Borrower hereby agrees that it will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of the Administrative Agent's rights under this Agreement or under any other instrument evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or guaranteed, and to the extent that it lawfully may the Borrower hereby irrevocably waives the benefits of all such laws.

§9. OBLIGATIONS NOT AFFECTED. To the extent permitted by law, the obligations of the Borrower under this Agreement shall remain in full force and effect without regard to, and shall not be impaired by (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of the Borrower; (b) any exercise or nonexercise, or any waiver, by the Administrative Agent of

any right, remedy, power or privilege under or in respect of any of the Obligations or any security therefor (including this Agreement); (c) any amendment to or modification of this Agreement or any instrument evidencing any of the Obligations or pursuant to which any of them were issued; (d) any amendment to or modification of any instrument or agreement (other than this Agreement) securing any of the Obligations; or (e) the taking of additional security for or any guaranty of any of the Obligations or the release or discharge or termination of any security or guaranty for any of the Obligations; and whether or not the Borrower shall have notice or knowledge of any of the foregoing.

§10. NO WAIVER. No failure on the part of the Administrative Agent to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Administrative Agent of any right, remedy or power hereunder preclude any other or future exercise of any other right, remedy or power. Each and every right, remedy and power hereby granted to the Administrative Agent, the Banks or the future holders of any of the Obligations or allowed to any of them by law or other agreement, including, without limitation, the Credit Agreement, the Notes or any other Security Document, shall be cumulative and not exclusive of any other, and, subject to the provisions of this Agreement, may be exercised by the Administrative Agent, the Banks or the future holders of any of the Obligations from time to time.

§11. EXPENSES. The Borrower agrees to pay, on demand, all reasonable costs and expenses (including reasonable attorneys' fees and expenses for legal services of every kind, including, without limitation, reasonable allocated costs of staff counsel) of the Administrative Agent incidental to the sale of, or realization upon, any of the Collateral or in any way relating to the perfection, enforcement or protection of the rights of the Administrative Agent hereunder; and the Administrative Agent may at any time apply to the payment of all such costs and expenses all monies of the Borrower or other proceeds arising from its possession or disposition of all or any portion of the Collateral.

§12. CONSENTS, AMENDMENTS, WAIVERS, ETC. Any term of this Agreement may be amended, and the performance or observance by the Borrower of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only by a written

instrument signed by the Borrower and the Administrative Agent.

§13. GOVERNING LAW. Except as otherwise required by the laws of any jurisdiction in which any Collateral is located, this Agreement shall be governed by and construed in accordance with the laws of the State of New York.

§14. PARTIES IN INTEREST. All terms of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto, including, without limitation, any future holder of the Notes and any institutional lender who becomes a holder of any of the Obligations, by amendment to the Credit Agreement or otherwise, provided that the Borrower may not assign or transfer its rights hereunder without the prior written consent of the Administrative Agent and none of the Banks may assign or transfer its rights hereunder unless the assignee confirms in writing its agreement to be bound by the provisions of this Agreement.

§15. COUNTERPARTS. This Agreement and any amendment hereof may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, but all of which together shall constitute one instrument. In proving this Agreement it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.

§16. TERMINATION. Upon payment in full of all amounts payable under or pursuant to the Credit Agreement and the other Loan Documents in accordance with their terms, this Agreement shall terminate and the Borrower shall be entitled to the return, at the Borrower's expense, of such Collateral in the possession or control of the Administrative Agent as has not theretofore been disposed of pursuant to the provisions hereof.

§17. NOTICES. All notices, requests and other communications hereunder shall be deemed to have been duly made or given when made or given in the manner provided in Section 20 of the Credit Agreement (and shall be deemed to be effective at the times provided), addressed as follows:

(a) if to the Borrower, at:

Two Illinois Center
223 North Michigan Avenue
Chicago, Illinois 60601
Attention: Chief Financial Officer

or at such other addresses for notice as the Borrower shall last have furnished in writing to the Administrative Agent;

(b) if to the Administrative Agent, at

100 Federal Street
Boston, Massachusetts 02110
Attention: Transportation Division, 01-03-03

or at such other address for notice as the Administrative Agent shall last have furnished in writing to the Borrower.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed by their authorized representatives as of the date first written above.

ILLINOIS CENTRAL RAILROAD COMPANY

By: _____

Title: _____

THE FIRST NATIONAL BANK OF BOSTON,
as Administrative Agent

By: _____

Title: V.P. _____

CORPORATE ACKNOWLEDGMENT

STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

Personally came before me this 8th day of December, 1989, Samuel H. Fieger, Vice President of Illinois Central Railroad Company, to me known to be such person and officer who executed the foregoing instrument and acknowledged that he executed the same as such officer as the deed of said corporation, by its authority.

Loures C. Molinero
Notary Public
New York County, New York

(Notary Seal)

My commission expires:

LOURDES C. MOLINERO
Notary Public, State of New York
No. 31-4957335
Qualified in New York County
Commission Expires Oct 10, 1991

CORPORATE ACKNOWLEDGMENT

COMMONWEALTH OF MASSACHUSETTS)
)
COUNTY OF SUFFOLK)

Personally came before me this 12th day of December, 1989, Robert L. Wallace, Jr., Vice President, of The First National Bank of Boston, to me known to be such person and officer who executed the foregoing instrument and acknowledged that he executed the same as such officer as the deed of said corporation, by its authority.

Samela A. Siglitz
Notary Public
Suffolk County, Massachusetts

(Notary Seal)

My commission expires: 7/31/92

Schedule 1 to
Security Agreement

None.

ICRR

ALABAMA

County

✓ Lamar
✓ Fayette
✓ Marion
✓ Autauga
✓ Bibb
Chilton
Jefferson
Mobile
Montgomery
Pickens
Tuscaloosa
✓ Washington

ICRR

ILLINOIS

County

Alexander
Boone
Case
Champaign
Christian
Clay
Clinton
Coles
Crawford
Cumberland
DeKalb
DeWitt
Douglas
DuPage
Edwards
Effingham
Fayette
Ford
Franklin
Greene
Grundy
Hardin
Iroquois
Jackson
Jasper
Jefferson
Jersey
JoDavies
Johnson
Kane
Kankakee
LaSalle
Lee
Livingston
Logan
Macon
Macoupin
Madison
Marion
Marshall
Mason

ICRR

ILLINOIS

County

Massac
McLean
Menard
Monroe
Montgomery
Morgan
Moultrie
Ogle
Perry
Piatt
Pike
Pope
Pulaski
Randolph
Richland
Saline
Sangamon
Scott
Shelby
St. Clair
Stephenson
Tazewell
Union
Vermillion
Washington
White
Will
Williamson
Winnebago
Woodford

Cook

ICAR

INDIANA

County

Brown
Greene
Johnson
Marion
Monroe
Morgan
Posey
Sullivan
Vanderburgh

1CRR

KENTUCKY

County

Ballard
Carlisle
Fulton
Graves
Hickman
McCracken

ICRR

LOUISIANA

Parish

Ascension
Bienville
Bossier
Caddo
Catahoula
Concordia
East Baton Rouge
East Feliciana
Grant
Iberville
Jackson
Jefferson
LaSalle
Lincoln
Livingston
Madison
Orleans
Ouachita
Richland
St. Bernard
St. Charles
St. James
St. John the Baptist
St. Tammany
Tangipahoa
Washington
Webster
West Feliciana
Winn

ICRR

Schedule 4(a) to
Security Agreement

EXHIBIT H

MISSISSIPPI

MISSISSIPPI.

*Carson Sign
Petition*

County

Adams
Alcorn
Amite
Attala
Benton
Bolivar
Carroll
Chickasaw
Choctaw
Claiborne
Clarke
Clay
Coahoma
Copiah
Covington
DeSoto
Forrest
Franklin
George
Greene
Grenada
Harrison
Hinds
Holmes
Humphreys
Issaquena
Jasper
Jefferson
Jefferson Davis
Jones
Kemper
LaFayette
Lamar
Lauderdale
Lawrence
LeFlore
Leake
Lee
Lincoln
Lowndes
Madison
Marion

ICRR

MISSISSIPPI

County

Marshall
Monroe
Montgomery
Neshoba
Newton
Noxubee
Oktibbeha
Panola
Pearl River
Perry
Pike
Pontotoc
Prentiss
Quitman
Rankin
Scott
Sharkey
Simpson
Smith
Stone
Sunflower
Tallahatchie
Tate
Tippah
Tunica
Union
Walthall
Warren
Washington
Wayne
Webster
Wilkinson
Winston
Yalobusha
Yazoo

ICRIR

TENNESSEE

County

Cheatham
Chester
Crockett
Davidson
Dyer
Fayette
Gibson
Hardeman
Lake
Lauderdale
Madison
Montgomery
Obion
Shelby
Tipton

1CRR

<u>STATE</u>	<u>COUNTY</u>
SOUTH DAKOTA	Minnehaha
IOWA	Blackhawk Bremer H.V.C. Cherokee Chickasaw Floyd Ida Lyon Mitchell Monona H.V.C. O'Brien Sioux Woodbury
WISCONSIN	Dane Green
MINNESOTA	Freeborn

EXHIBIT H

J.
GM&O LAND COMPANY.

MISSISSIPPI

County

Clarke
Greene
Jasper
Kemper
Lauderdale
Lee
Rankin
Tippah
Union
Wayne

ALABAMA

Mobile
Washington

KENTUCKY

3A.
McCracken

*GM&O Land Company
is not an abbreviation
but the official corporate
name*

MISSISSIPPI VALLEY CORP.

Illinois

County

Franklin
Macon
Madison
Randolph
Stephenson
St. Clair
Vermilion
Williamson

Iowa

Indiana

County

Warren

County
Bremer
Monona

Mississippi

Carroll

~~Washington~~
WASHINGTON